

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

Bulletin 89-6
Issued this 23rd Day of
June, 1989

NOTICE TO ALL INSURERS LICENSED TO WRITE
LIFE AND HEALTH LINES IN MINNESOTA

MEDICARE SUPPLEMENT CHANGES

In 1989, Minnesota enacted legislation making extensive changes in the regulatory framework relating to the marketing of Medicare Supplement policies in Minnesota. The following is a summary of the major changes and the dates upon which these changes take effect. IMPORTANT: DO NOT CONSTRUE THIS BULLETIN AS A COMPLETE EXPLANATION OF ALL 1989 LEGISLATIVE CHANGES. YOU ARE RESPONSIBLE FOR REVIEWING THE STATUTES IN THEIR ENTIRETY AND MAINTAINING FULL COMPLIANCE WITH THEM.

CHAPTER 258:

Section 2: Amends Minn. Stat. 60A.17 by establishing a requirement that insurers/agents have a reasonable basis for believing that the purchaser of their life insurance products, long term care policies, or Medicare supplement policies, are suitable based on the totality of the prospective client's circumstances. Effective date for this section: June 1, 1989.

Section 3: Amends Minn. Stat. 62A.31 by requiring insurers/agents to offer prospective customers both categories of Medicare supplement insurance ("extended basic Medicare supplement plans" and "basic Medicare supplement plans"). This section also requires insurers/agents to provide customers with an explanation of the coverages provided under each of the aforementioned plans prior to selling or issuing a Medicare supplement plan in Minnesota. Effective date of this section: January 1, 1990.

Section 4: Amends Minn. Stat. 62A.31 by abolishing the current system of identifying Medicare supplement policy forms (1+, 1, 2, and 3) and implements a new system which allows only two policy forms identified as "extended basic Medicare supplement plans" and "basic Medicare supplement plans".

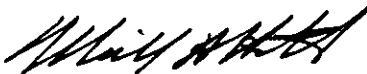
Effective date of this section: January 1, 1990 (No Medicare supplement 1+, 1, 2, or 3 form may be sold after January 1, 1990. Policies and contracts in effect or sold on or after June 1, 1989 but prior to January 1, 1990, utilizing the current number designation (1+, 1, 2, and 3) must conform with the federal Medicare benefit modifications and provide appropriate premium adjustments to policyholders by January 1, 1990.)

Section 5: Amends Minn. Stat. 62A by identifying the coverages that must be provided by the "Extended Medicare Supplement Plan".

Section 6: Amends Minn. Stat. 62A by identifying the coverages that must be provided by the "Basic Medicare Supplement Plan".

Section 8: Amends Minn. Stat. 62A by requiring insurers to pay a level commission during the first four years of the policy. This section also prohibits insurers from paying a higher rate of commission for sales of "Basic Medicare Supplement Plans" than they pay for sales of "Extended Medicare Supplement Plans". Effective date of this section: January 1, 1990.

Section 12: Amends Minn. Stat. 62E.07 by requiring "qualified Medicare supplement plans" to pay 100% of the Medicare deductibles and increases the minimum lifetime benefit from \$100,000 to \$500,000. Effective date of this section: January 1, 1990.



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Commissioner of Commerce